

FOR THE YEAR ENDED JANUARY 31, 1966

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# ANNUAL REPORT



**MARSHALL WELLS LIMITED**





# DIRECTORS and OFFICERS

## MARSHALL WELLS LIMITED

### BOARD OF DIRECTORS:

PHILIP C. FIKKAN .....	Winnipeg
B. FREDERICK DAVIDSON .....	Minneapolis
R. BRUCE SUTHERLAND .....	Winnipeg
ARNOLD G. KIRKNESS .....	Winnipeg
JOHN W. TACKABERRY .....	Winnipeg

### OFFICERS OF THE COMPANY:

PHILIP C. FIKKAN .....	President
R. BRUCE SUTHERLAND .....	Sr. Vice-President
STEPHEN J. COPPINGER .....	Vice-President
ROBERT G. ROCK .....	Vice-President
WALTER R. GAMBS .....	Vice-President
LEONARD A. HEAD .....	Vice-President
CLAYTON A. STEIDL .....	Secretary-Treasurer
REX W. WOOTTON .....	Controller

### MANAGEMENT BOARD:

PHILIP C. FIKKAN .....	Winnipeg
R. BRUCE SUTHERLAND .....	Winnipeg
WALTER R. GAMBS .....	Winnipeg
STEPHEN J. COPPINGER .....	Vancouver
ROBERT G. ROCK .....	Winnipeg
LEONARD A. HEAD .....	Winnipeg
CLAYTON A. STEIDL .....	Winnipeg
REX W. WOOTTON .....	Winnipeg
ARTHUR G. JOHNSON .....	Minneapolis



## INTERNATIONAL LABORATORIES (1957) LIMITED

### BOARD OF DIRECTORS:

PHILIP C. FIKKAN .....	Winnipeg
HON. GUNNAR S. THORVALDSON, Q.C. ....	Winnipeg
CLAYTON A. STEIDL .....	Winnipeg
B. FREDERICK DAVIDSON .....	Minneapolis
R. BRUCE SUTHERLAND .....	Winnipeg

### OFFICERS OF THE COMPANY:

PHILIP C. FIKKAN .....	President
NORMAN W. CODE .....	Vice-President
CLAYTON A. STEIDL .....	Treasurer
HON. GUNNAR S. THORVALDSON, Q.C. ....	Secretary

## MARSHALL WELLS REALTY LIMITED

### BOARD OF DIRECTORS:

PHILIP C. FIKKAN .....	Winnipeg
B. FREDERICK DAVIDSON .....	Minneapolis
CLAYTON A. STEIDL .....	Winnipeg

### OFFICERS OF THE COMPANY:

PHILIP C. FIKKAN .....	President
B. FREDERICK DAVIDSON .....	Vice-President
ROBERT G. ROCK .....	Vice-President
CLAYTON A. STEIDL .....	Secretary-Treasurer

### Transfer Agent and Registrar for First Preferred Stock

NATIONAL TRUST COMPANY, LIMITED  
Winnipeg

### Trustee and Registrar for 6% Debentures

NATIONAL TRUST COMPANY, LIMITED  
Winnipeg

### Auditors

PEAT, MARWICK, MITCHELL & Co.,  
Winnipeg



# PRESIDENT'S REPORT



## *To Our Shareholders:*

The results for the year ended January 31, 1966 showed continued improvement. Sales exceeded the previous period by six and one-half per cent. Despite rising costs your Company retained a significant portion of increased sales as net income for the fiscal year was \$637,807 as compared to \$516,992 net operating profit for the twelve months ended January 31, 1965.

One of the highlights of the year was the response of our Franchise stores to well-planned merchandising and promotional programs. It enabled these stores to obtain a greater portion of the retail volume available in their own local market. Our company-owned stores program has been further expanded.

Of equal importance to the expansion and success of your Company has been our Industrial division. Steady growth and progress have resulted from improved service and greater emphasis on specialization.

The shareholders of Marshall Wells of Canada Limited, in a meeting November 2, 1965, voted unanimously to approve the amalgamation of that company with Gamble Macleod (Canada) Limited to continue as one company under the name of Marshall Wells Limited. The amalgamation became effective November 15, 1965.

Under the terms of the amalgamation agreement the common shares issued and outstanding were converted to 6½ per cent redeemable first preferred shares. A dividend of \$1.25 per share was paid on the common shares prior to the effective date of the amalgamation.

We wish to express our deep appreciation to our employees for their co-operative and loyal service, to our customers for their confidence and support, to our suppliers for their fine co-operation, and to our shareholders for their interest and good will.

P. C. FIKKAN, *President.*



# AUDITORS' REPORT

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Marshall Wells Limited and Subsidiaries as of January 31, 1966 and the statements of consolidated profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly on a consolidated basis the financial position of the companies as at January 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Winnipeg, Manitoba  
March 9, 1966.

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants



## MARSHALL WELLS LIM

Consolidated

January

## ASSETS

## Current assets:

Cash on hand .....	\$ 7,610
Accounts receivable .....	\$ 2,785,707
Less allowance for doubtful accounts and unearned interest .....	<u>518,400</u>
	2,267,307
Inventories of merchandise at the lower of cost or market .....	12,717,091
Prepaid expenses .....	<u>161,178</u>
Total current assets .....	15,153,186

## Investment at cost:

Wood Alexander Limited, common shares .....	746,450
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## Land, buildings and equipment at cost:

Land .....	524,329
Buildings less accumulated depreciation \$1,054,273 .....	2,425,207
Equipment less accumulated depreciation \$ 898,336 .....	412,235
Parking lot and spur track less accumulated depreciation \$3,766 .....	<u>12,372</u>
	3,374,143

Deferred charge—unamortized debenture discount .....	<u>488,750</u>
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## NOTES:

1. The terms of the debentures require the company to redeem debentures of a principal amount of \$300,000 each year up to and including 1981 and to redeem the balance in 1982.

The balance outstanding at January 31, 1966 is ..... \$5,600,000

Debentures purchased for redemption during the year and  
lodged with the trustee on account of sinking fund contri-  
butions .....

400,000

\$5,200,000

\$19,762,529

2. There are outstanding share purchase warrants entitling the holders to purchase 333,665 shares of 6½% cumulative redeemable first preferred stock at \$7 per share. Of these outstanding warrants, 179,370 are held by the parent company.



# BALANCE SHEET

## D AND SUBSIDIARIES

Balance Sheet  
1966

### LIABILITIES

#### Current liabilities:

Outstanding cheques less cash in bank .....	\$ 1,484,685
Accounts payable and accrued expenses .....	2,417,078
Contribution to pension plan .....	196,324
Provision for income taxes .....	410,071
Portion of long-term debt due within one year .....	<u>15,201</u>
Total current liabilities .....	4,523,359

#### Long-term debt:

6% sinking fund debentures, Series A (Note 1) .....	\$ 5,200,000	
Mortgages .....	<u>40,621</u>	
	5,240,621	
Less instalments due within one year .....	<u>15,201</u>	5,225,420

#### Shareholders' equity:

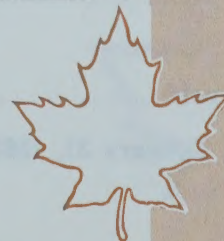
##### Capital Stock:

6½% cumulative redeemable first preferred shares of a par value of \$5 each. Authorized 1,450,000 shares; issued 1,116,335 shares (Note 2) .....	5,581,675	
6% cumulative redeemable second preferred shares of a par value of \$5 each. Authorized 500,000 shares; issued 389,250 shares .....	1,946,250	
Common shares without nominal or par value. Authorized and issued 400,000 shares .....	<u>2,000,000</u>	
	9,527,925	
Earned surplus .....	<u>485,825</u>	10,013,750
		<u>\$19,762,529</u>

Approved on behalf of the Board:

P. C. FIKKAN, Director

R. B. SUTHERLAND, Director





# PROFIT and LOSS

## MARSHALL WELLS LIMITED AND SUBSIDIARIES

### Statement of Consolidated Profit and Loss For the year ended January 31, 1966

Operating profit before charging the undernoted expenses .....		\$ 2,100,331
Deduct:		
Directors' remuneration .....	\$ 91,217	
Legal fees .....	1,457	
Depreciation .....	216,524	
Amortization of leasehold improvements .....	871	310,069
Operating profit .....		1,790,262
Other income:		
Time payment income .....	363,443	
Interest earned .....	52,609	
Profit on sale of fixed assets .....	303	
Profit on sale of investments .....	5,763	
Miscellaneous .....	34,966	457,084
		2,247,346
Other charges:		
Provision for pension plan contribution .....	230,004	
Interest paid—bank .....	351,014	
Interest paid—long term debt .....	351,549	
Debenture discount—net .....	28,973	961,540
Profit before income taxes and dividends received .....		1,285,806
Income Taxes .....		663,000
Profit before dividends received .....		622,806
Dividends received .....		15,000
Net profit .....		\$ 637,806

### Statement of Consolidated Earned Surplus For the year ended January 31, 1966

Amount at January 31, 1965 .....	\$ 1,360,213
Net profit .....	637,806
	1,998,019
Dividends paid .....	1,512,194
Amount at January 31, 1966 .....	\$ 485,825

1965 - 516,992  
123%



# DIRECTORY

## EXECUTIVE OFFICES

1395 Ellice Avenue, Winnipeg

President, P. C. Fikkan

Senior Vice-President in charge of merchandising, R. B. Sutherland

Vice-President in charge of retail operations, W. R. Gambs

Vice-President in charge of industrial sales, L. A. Head

Secretary and Treasurer, C. A. Steidl

Controller, R. W. Wootton

## MERCHANDISING BRANCHES

Winnipeg 1395 Ellice Ave. Vice-President and Manager, R. G. Rock  
Sub-warehouses at Yorkton and Port Arthur

Regina 8th and Hamilton Streets Manager, A. S. Ellis

Saskatoon 25, 33rd Street Manager, W. J. Faulkner  
Sub-warehouse at Prince Albert

Calgary 4040 Blackfoot Trail Manager, E. C. H. Perrin

Edmonton 10360, 103rd Street Manager, G. J. Stevenson  
Sub-warehouse at Grand Prairie

Vancouver 549 - 573 Carrall Street Vice-President and Manager, S. J. Coppinger  
Sub-warehouses at New Westminster and Prince George

## MANUFACTURING SUBSIDIARY

### INTERNATIONAL LABORATORIES (1957) LIMITED

St. Boniface 490 Rue Des Meurons Vice-President and Manager, N. W. Code

## REAL ESTATE SUBSIDIARY

### MARSHALL WELLS REALTY LIMITED

1395 Ellice Avenue, Winnipeg











**MARSHALL WELLS LIMITED**